

Remarks of  
The Honorable Dan Schaefer, M.C.  
Chairman, Subcommittee on Energy and Power  
House Commerce Committee  
Atlanta Field Hearings on Consumer Choice in Electricity  
Monday, April 14, 1997

I want to welcome each of you to Atlanta, and to this, the first in a series of field hearings on the question of how best to give consumers the right to choose their own power company.

We're here in Atlanta -- outside the Washington Beltway -- because our focus today is consumers: average American households and small businesses who are today held captive to their electric utility companies.

Common sense would tell you that in a competitive market, rates go down, and service goes up. There's more innovation. Better safety. And more customer-orientation. That's been the experience in so many other areas -- long distance telephones, airlines, railroads and trucking, to name just a few.

Economists tell us that bringing consumer choice to electricity will save the average household between 15-43 percent off their electric bills -- for the average Georgia household, with a monthly bill of \$73 a month, that's a savings of from \$131 to \$376 a year per Georgia household.

And the savings don't just come in the form of lower electricity bills, but in the price they pay for nearly every good or service they purchase. For most manufacturers, electricity is the second highest fixed cost after labor. Electricity costs are also factored into the costs of hospital and nursing home bills, college tuition, subway fares, the price of groceries, and Federal and State taxes.

In fact, the biggest electricity consumer of all is the United States government. But until I asked, nobody had measured how much Uncle Sam spends on electricity.

Today, I am making public the results of an audit conducted at my request by the United States General Accounting Office in Washington.

It shows that the federal government spends three-point-five billion dollars a year on its electric bill.

**Economists predict competition** in electricity will result in savings of from 15 to 43 percent. Just imagine a ten percent savings in that bill: a savings of 350 million dollars.

Tomorrow, April 15, the average American family will pay 41-hundred dollars in federal income taxes.

That means that just a ten percent reduction in Washington's electric bill will save the entire tax obligation of more than 85-thousand American households, for an entire year.

We've chosen Atlanta as the site for one of our field hearings because there is much you can teach us about competition in electricity. After all, Georgia is one of the few States where at least some measure of retail electrical competition already exists. You've learned from experience; we're here so that the rest of America can benefit from what you've learned.

There are some, I know, who will say this is just one more example of "Washington-Knows-Best." The truth is, this is about empowering people, not government -- at any level.

Instead of letting us choose our electric companies, the decision has been made for us -- by both Washington and our State Capitols. They've literally made it aaainst the law for a homeowner or a small business to choose its electric company.

There are some, however, who can negotiate lower rates -- because they're big.

On average, big industrial consumers pay almost half of what residential and small business customers pay for their power. And some of those customers may be getting even lower rates. [Refer to chart]

So while State regulators and utilities plan on spending years worrying about things like stranded costs, I worry about the small consumers who remain stranded in the meantime. Giving consumers the right to choose their electricity provider empowers small consumers so they too can negotiate lower rates with their power provider.

As we kick off this hearing process, I pledge to work with individual consumers, power companies, and State and local governments to craft legislation which will lower electricity costs for all consumers by allowing power providers to compete for the business of every American consumer.

Thank you.

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